

## BUDGET REVISION TO EMERGENCY OPERATION

### Sudan 200027 - Food assistance to populations affected by conflict and drought

	Cost (United States dollars)		
	Present budget	Increase	Revised budget
Food cost	264,560,085	20,362,812	284,922,897
External transport	94,702,650	6,942,087	101,644,737
Landside Transport Storage and Handling	259,810,753	15,968,995	275,779,748
Other Direct Operational Costs	25,902,107	2,290,100	28,192,207
Direct Support Costs	171,526,505	(24,000,000)	147,526,505
Indirect Support Costs (7 percent)	57,155,147	1,509,480	58,664,627
<b>Total cost to WFP</b>	<b>873,657,247</b>	<b>23,073,474</b>	<b>896,730,721</b>

#### NATURE OF THE INCREASE

1. This budget revision to Sudan emergency operation (EMOP) 200027 is in response to the increased number of people requiring food assistance, due to a combination of shocks - mainly in Southern Sudan - and to reflect changes in commodity prices and other costs.
2. The budget revision is proposed to:
  - i) change the orientation of the EMOP to include food-insecure people affected by drought, as well as conflict-affected people;
  - ii) meet the needs of 4.3 million food-insecure people by providing an additional 98,455 mt of food;
  - iii) reflect other programmatic adjustments made since the EMOP was first prepared in June 2009;
  - iv) increase the food, external transport, land transport, storage and handling (LTSH) and other direct operational costs (ODOC) cost budgets associated with the increase of 98,455 mt of food;
  - v) decrease the food, external transport and LTSH budgets related to tonnages originally budgeted to reflect updated forecast of market prices; and
  - vi) decrease the direct support costs (DSC) budget resulting from improved security and efficiency initiatives.

#### JUSTIFICATION FOR BUDGET INCREASE

##### Summary of existing project activities

3. Sudan continues to be WFP's largest emergency operation. The combination of conflict, large-scale population displacement and poverty makes it one of the most complex environments in which WFP operates.
4. As has been the practice for the past two years, this 2010 EMOP was prepared in June 2009 in order to obtain approval early enough to facilitate donor contributions at the appropriate time for efficient delivery: this will allow operations to continue without interruption and

will facilitate pre-positioning of food in advance of the rainy season. As in previous years, a review of the situation was planned for late-2009 in order to identify any necessary adjustments, given potential changes in food insecurity or the availability of additional information.

5. The 2010 EMOP originally targeted a total of 6.4 million beneficiaries with 665,550 mt of food assistance, including 1.1 million beneficiaries (and 97,707 mt of food assistance) in Southern Sudan. In the second half of 2009, Southern Sudan witnessed increased emergency food requirements due to: (i) displacement of people resulting from internal clashes, as well as the cross-border activities by the Lord's Resistance Army (LRA); and (ii) poor rains combined with high cereal prices and low livestock prices, which contributed to a serious deterioration of food security and livelihoods. A mid-year review of the annual needs and livelihood assessment (ANLA) was followed by further assessments in October/November: the yearly ANLA and crop and food supply assessment mission (CFSAM) by the Food and Agriculture Organization (FAO) and WFP.

## Conclusions and recommendation of the re-assessment

6. The huge challenges confronting Southern Sudan after decades of civil war - including more than two million people returning to their homes to date, limited infrastructure, and the need for a consolidation of governance - have left much of the region food insecure. Any additional shock to vulnerable communities compounds an already critical situation.
7. Recent assessments conclude that the shocks in 2009 have caused severe food insecurity for hundreds of thousands of people in six of the most vulnerable states in Southern Sudan. A significant portion of the additional requirements are identified in areas where food deliveries are likely to be complicated by insecurity and poor road access. Rainfall has also been poor for parts of northern Sudan and recent assessments have identified additional food requirements for people in several of the drought-affected northern states.
8. **For Southern Sudan**, results from the annual needs and livelihoods assessment and the WFP/FAO CFSAM show that the food security has deteriorated sharply due to the combined effects of drought and insecurity.<sup>1</sup> The ANLA estimates that some 4.3 million people are currently severely or moderately food insecure, requiring some form of food assistance during 2010. The region also has chronically high global acute malnutrition (GAM) rates, exceeding the "critical" threshold<sup>2</sup> of 15 percent<sup>3</sup> even during relatively normal years. It is highly likely that malnutrition rates will also increase with the current increase in food insecurity due to the poor harvest and displacement.
9. In 2009, the first agricultural season failed in many areas, while production from the second season was well below average. As a result, even during the harvest season, 40 percent of the population in Eastern Equatoria had a poor food consumption score, and livestock prices declined while grain prices were rising. Early and abnormal livestock migration due to water and pasture shortages is expected to lead to increased incidences of tribal fighting, while the approaching elections increase political tensions. The series of shocks have weakened the capacity of households to cope for their basic needs. Seasonal support to the additional food-insecure population is essential to protect livelihoods from further deterioration.
10. As a result of drought or conflict, 3.05 million additional people will require assistance, with Jonglei, Unity, Eastern Equatoria, Northern Bahr-el-Ghazal and Lakes states being the areas

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<sup>1</sup> The report of the 2009/2010 CFSAM for Southern Sudan has not yet been finalized, but preliminary findings indicate a 35-40 percent reduction in cereal production compared with the previous season.

<sup>2</sup> The prevalence rate of acute malnutrition in children under 5: <5% is "acceptable"; 5-9% is "poor"; 10-14% is "serious"; >=15% is "critical" (World Health Organization, 2000).

<sup>3</sup> ANLA 2008: GAM rates: Warrap State 26%, Jonglei State 22.4%, Unity State 18%.

worst affected. While most of the additional population is drought-affected, it is expected that localized conflicts will continue to occur throughout the year, resulting in significant levels of temporary displacement. This includes an estimated 120,000 people displaced by conflict (two incidents per month are anticipated, each displacing 5,000 individuals).

11. Political and ethnic tensions are likely to increase with the approach of the elections and the referendum. There are identifiable hotspots, such as Malakal and Jonglei, where conflict has become endemic and further outbreaks seem likely. Elsewhere, it is difficult to predict if or when conflict will arise next, given the multiplicity of inter-ethnic fault lines. Furthermore, an estimated 250,000 people who required emergency food assistance during the second half of 2009 (budget revision number 3 to EMOP 107600) will continue to be moderately or severely food-insecure in 2010 at least until the harvest, which will begin in September 2010.
12. **For northern Sudan**, rainfall patterns varied significantly from region to region in the fifteen northern states, and preliminary findings from the CFSAM indicate a decline in agricultural production by 25-30 percent compared to the previous season. The worst-affected states are Kassala, Western Gedaref, Sennar, parts of White Nile and North-Western areas of North Darfur. Late planting combined with dry conditions at the end of the season have significantly decreased crop yields and pasture development. This was the second consecutive poor season for eastern pastoral areas. Parts of West Darfur and areas of South Darfur north of the capital Nyala also face lower-than-average yields. Furthermore, there is the likelihood of increased tension in the “Three Areas” – Abyei, Blue Nile and South Kordofan – as a result of the elections.
13. In targeted northern states, 950,000 people will require food assistance for seasonal support in response to an extended lean season due to poor harvests.<sup>4</sup> This includes an estimated 250,000 people in Darfur, who will require three months of seasonal support, and an estimated 700,000 people in the east (especially Kassala) and the Three Areas (particularly South Kordofan).

### **Purpose of budget increase**

14. The purpose of the budget revision is to provide additional food commodities to cover the needs of food-insecure people affected by drought or displaced by conflict during the second half of 2009, through to the end of the coming agricultural season (October/November), and to provide for a rapid response to sudden onset – and in most cases localized – displacement. WFP’s intent is to provide rapid targeted food assistance in areas where new displacement has occurred due to conflict, and facilitating post-crisis returns by providing assistance as soon as possible and thus encouraging people to remain near their homes. While the majority of the beneficiaries will be assisted through general food distributions, when possible, WFP will transition to more conditional forms of assistance promoting asset creation such as Food for Recovery. Food for Recovery will mostly target the neediest able-bodied households previously supported through general food distributions.
15. This budget revision also reflects other programmatic adjustments made since the EMOP was first prepared in June 2009. The number of children targeted under the Food for Education programme has decreased, as was the associated tonnage, as the geographical coverage of the activity has been reduced. These areas, however, will be covered by the expansion of emergency response activities. Finally, planned beneficiary figures for

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<sup>4</sup> An exercise similar to a CFSAM was also carried in northern Sudan. The estimated requirements are based on the preliminary results from this exercise and consultations with the national and state Ministries of Agriculture to identify locations with poor or very poor production. Information from secondary assessments was used to estimate the number of food-insecure people in these locations.

Disarmament, Demobilization and Reintegration have been updated to reflect updated planning for 2010 recently approved by the recent joint Government of National Unity/United Nations steering committee.

**Table 1. Beneficiaries by activity type**

Activity	Planned Beneficiaries		
	Present	Increase	Revised
General Food Distribution	4,526,500	3,800,000	8,326,500
Demobilization	18,500	89,500	108,000
Food for Work	178,000		178,000
Food for Recovery	137,500	322,000	459,500
Food for Education	1,588,000	(102,000)	1,486,000
Food for Training	163,000		163,000
Supplementary Feeding	640,000	230,000	870,000
Therapeutic Feeding	2000		2000
Institutional Feeding	80,000		80,000
<b>Total</b>	<b>7,333,500</b>	<b>4,339,500</b>	<b>11,673,000</b>
<b>Adjusted total*</b>			<b>10,745,000</b>

\*Adjusted to account for overlap between activities

## FOOD REQUIREMENTS

16. The additional food requirements are calculated on the basis of the existing ration levels in the EMOP for general food distributions and supplementary feeding.
17. Overall, WFP Sudan requires an additional 98,455 mt of food commodities to respond to the urgent humanitarian needs of 4.3 million vulnerable individuals as identified in the most recent assessments. For Southern Sudan, the food requirements 73,345 mt while for northern Sudan, the food requirements are 25,110 mt.
18. Blanket supplementary feeding will be carried out for a period of five months for an estimated 230,000 vulnerable children under 5.<sup>5</sup> This will require 3,200 mt of ready-to-use supplementary food (RUSF).<sup>6</sup> The commodities to be purchased for the rapid response portion of the activities – about 442 mt – will include high-energy biscuits and a pre-mix for supplementary feeding (the current version of which includes corn-soya blend, dried skim milk and sugar). The remainder will be a standard general food distribution ration.

<sup>5</sup> GAM rates across much of Southern Sudan frequently exceed 15 percent threshold indicating the acute malnutrition levels to be “critical”, even in relatively good years (see footnote 3). With the current increase in food insecurity due to the poor harvest and conflict-related displacement, further increases GAM rates are likely. Due to a lack of partner capacity, it is not possible to increase the coverage of existing supplementary feeding programmes to meet the rising needs.

<sup>6</sup> Plumpy’Doz® is a ready-to-use supplementary food that can be used in supplementary feeding programmes where the goals are to increase children’s weight, prevent illness, and promote growth and development. It is the most appropriate commodity given the difficulty of storing and distributing alternative commodities under the very difficult conditions that prevail in some of the most affected areas.

19. The relatively small increase in the tonnage is a result of the fact that most of the new beneficiaries will be receiving assistance only for part of the year. Those affected by the poor harvest will receive assistance through to the next cereal harvest. Areas will be targeted based on the estimated production shortfall resulting from the poor harvest. Additional information will be gathered through follow-on assessments and monitoring visits.
20. WFP requires an additional US\$23.07 million for this budget revision. The cost impact of the increased tonnage is partially offset by decreases in budgeted costs directly related to tonnage previously budgeted. Reductions of previously budgeted amounts are: US\$20.6 million in food, US\$3.4 million in external transport and US\$17.6 million in LTSH. In addition to these reductions, the direct support cost budget has been reduced by US\$24 million.
21. As part of the DSC reduction, WFP undertook a review of the positions which were initially budgeted under EMOP 200027, aiming to improve the efficiency of WFP operations in Sudan and by so doing to channel the savings in some areas to others, where new requirements have arisen. This review resulted in downgrading some of the positions and canceling others (especially in Darfur and Khartoum). The change of the United Nations security phase from III to II in Khartoum and other areas has also resulted in further reductions of staff-related costs.
22. Furthermore, WFP has reduced the number of humanitarian hubs to be established in Darfur from six to two, therefore reducing the operational costs initially budgeted under the EMOP 200027, including staffing costs, telecommunication equipment, and other related items. This decision was triggered by the increased insecurity in some areas in Darfur, delays in finding non-governmental organizations (NGOs) ready to fill the gap left by the expelled NGOs, and constraints related to funding and implementing the special operation 108450.
23. The costs related to the construction of the WFP office building in Khartoum were reduced by over US\$5.5 million after reviewing the cost assumptions used previously.

**Table 2. Food requirements by activity type**

Activity	Food requirements (mt)		
	Present	Increase	Revised
General Food Distribution	500,718	88,390	589,108
Demobilization	4,512	4,667	9,179
Food for Work	16,618		16,618
Food for Recovery	26,018	9,164	35,182
Food for Education	68,943	(7,113)	61,830
Food for Training	9,112		9,112
Supplementary Feeding	17,540	3,347	20,887
Therapeutic Feeding	3,855		3,855
Institutional Feeding	18,234		18,234
Total	665,550	98,455	764,005

Approved by:

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<b>BUDGET INCREASE COST BREAKDOWN</b>		
	<b>Quantity (mt)</b>	<b>Value (US\$ dollars)</b>
<b>WFP COSTS</b>		
<b>A. Direct operational costs</b>		
Commodity <sup>7</sup>		
Cereals	80,139	3,466,931
Pulses	6,114	1,707,244
Oil and Fats	3,687	-534,165
Mixed and Blended Food	90	-664,737
Other	8,425	16,387,539
<b>Total commodities</b>	<b>98,455</b>	<b>20,362,812</b>
<b>External transport</b>		6,942,087
<b>Landside transport</b>		15,968,995
<b>Other direct operational costs</b>		2,290,100
<b>B. Direct support costs (see Annex II for details)</b>		
<b>Total direct support costs</b>		<b>-24,000,000</b>
<b>C. Indirect support costs (7 percent of total direct costs)</b>		
		<b>1,509,480</b>
<b>TOTAL WFP COSTS</b>		<b>23,073,474</b>

<sup>7</sup> This is a notional food basket used for budgeting and approval purposes. The precise mix and actual quantities of commodities to be supplied to the project, as in all WFP-assisted projects, may vary over time depending on the availability of commodities to WFP and domestically within the recipient country.

<b>DIRECT SUPPORT REQUIREMENTS (US\$)</b>	
<b>Staff</b>	
International Professional Staff (P1 to D2)	-3,262,980
International GS Staff	0
Local Staff - National Officer	-1,077,657
Local Staff- General Service	-5,306,930
Local Staff - Temporary Assist. (SSC, SSA, Other)	-2,335
Local Staff - Overtime	0
Hazard Pay & Hardship Allowance	-3,861,280
International Consultants Honoraria - Payroll	0
Local Consultants	-42,167
Non Staff HR: UNV	204,000
Commercial Consultancy Services	0
Staff Duty Travel - actual costs	135,701
<b>Subtotal</b>	<b>-13,213,647</b>
<b>Office expenses and other recurrent costs</b>	
Rental of facility	-427,130
Utilities (general)	-265,229
Office supplies	-198,452
Communication and IT services	-1,295,561
Equipment Repair and Maintenance	-368,214
Vehicle Running Cost and Maintenance	-596,206
Office Set-up and Repairs	-5,548,222
United Nations Organizations Services	\$0
<b>Subtotal</b>	<b>-8,699,013</b>
<b>Equipment and other fixed costs</b>	
Vehicle Leasing	-255,000
Vehicle Acquisition Planning 1	\$0
TC/IT Equipment,	-803,324
Local Security Costs planning	-1,029,015
<b>Subtotal</b>	<b>-2,087,340</b>
<b>TOTAL DIRECT SUPPORT COSTS</b>	<b>-24,000,000</b>